

Central Intelligence Agency



Washington, D.C. 20505

17 JUL 1984

Mr. Paul K. Krueger
Assistant Associate Director for Resources Preparedness
Federal Emergency Management Agency
Washington D.C. 20472

Dear Mr. Krueger:

Thank you for your letter of June 14, 1984 that affords the Central Intelligence Agency an opportunity to assess and report on the impact that an oil supply disruption would have on Agency programs and objectives.

Based on the Impact Assessment Guidelines provided with your letter we have determined that a moderate disruption in oil supplies would not preclude this Agency from completing programs and accomplishing objectives. This, of course, assumes that current budgetary funding, if not adequate, would be adjusted to offset the fuel cost increase associated with the disruption. On the other hand, even with additional funding to offset increased fuel cost, we view a severe disruption as having the potential to significantly impact certain Agency programs and objectives requiring priority materiel shipments.

A high percentage of our materiel shipments are currently accomplished via commercial or military air modes and with our own land transportation capability. Since we must assume that everyone would be faced with the same fuel cost, and availability considerations, we must also assume that the commercial sector as well as the military would undertake restrictive fuel allocation and consumption programs. We believe that these restrictions would ultimately translate into higher costs for shipping and reduced shipping schedules. To the extent these higher costs and reduced schedules delayed or otherwise restricted the shipment of critical program materiel, greater use of our own transportation capability will be required if we are to meet our mission requirements. It is therefore considered essential that in the event of severe disruption in oil supplies, this agency be authorized sufficient fuel allocations to maintain, at a minimum, its current transportation capabilities.

OL 4130-84

Mr. Paul K. Krueger

If you have any questions regarding this response or if we
may be of further assistance in this matter, [redacted]
[redacted] is the Staff Officer for this project.

STAT
STAT

Sincerely,

/s/ Daniel C. King

Daniel C. King
Director of Logistics

Distribution:

Orig - Addressee

1 - OL Files

1 - D/L Chrono

1 - OL/IMSS/Official

1 - OL/IMSS Chrono

1 - EO/DDA

1 - EXDIR/PLANS

OL/IMSS:JAW:il [redacted] (13 July 1984)

STAT

AEO/OL IV

EO/OL J

DD/L de

D/L Gr

1 MSS ACTION: _____

DUE DATE: _____

INFO: _____

REMARKS:

Never look
up to see
a pigeon.



ROUTING AND RECORD SHEET**SUBJECT:** (Optional)**Impact of a Disruption in Oil Supplies on Agency Programs and Objectives**

FROM: Daniel C. King Director of Logistics		EXTENSION	NO.	
			DATE 18 JUL 1984	
TO: (Officer designation, room number, and building)	DATE		OFFICER'S INITIALS	COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)
	RECEIVED	FORWARDED		
1. EO/DDA				Attached is a copy of OL's response to FEMA's request for an assessment of the impact of an oil supply disruption on Agency programs and objectives. Dan
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3.				
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13.				
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ROUTING AND RECORD SHEET

SUBJECT: (Optional)

Impact of a Disruption in Oil Supplies on Agency Programs and Objectives

FROM: Daniel C. King Director of Logistics		EXTENSION	NO.
			DATE
		18 JUL 1984	
TO: (Officer designation, room number, and building)	DATE		OFFICER'S INITIALS
	RECEIVED	FORWARDED	
COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)			
1. EXDIR/PLANS Attn: [redacted]			
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15.			

Attached is a copy of OL's response to FEMA's request for an assessment of the impact of an oil supply disruption on Agency programs and objectives.

STAT

STAT

Dan

ROUTING AND TRANSMITTAL SHEET

6/18

TO: (Name, office symbol, room number, building, Agency/Post)		Initials	Date
1.	D/LOGISTICS AEO RW	✓	✓
2.	EO	✓	19/6
3.	DD/L	✓	✓
4.	C/MISS		
5.	E/HOME		

X	Action	File	Note and Return
	Approval	For Clearance	Per Conversation
	As Requested	For Correction	Prepare Reply
	Circulate	For Your Information	See Me
	Comment	Investigate	Signature
	Coordination	Justify	

REMARKS

#1 - FOR ACTION -- PLS PREPARE A DIRECT REPLY
WITH A DROP CY TO EO/DDA
AND EXDIR/PLANS (ATTN:

SUSPENSE:

JULY 1984

You may have some information from a
possible previous study when we had the
oil crunch some years back. Contact
[redacted] for details
in preparing this response.)

DO NOT use this form as a RECORD of approvals, concurrences, dispositions,
clearances, and similar actions

FROM: (Name, org. symbol, Agency/Post)

Room No.—Bldg.

EO/DDA: [redacted] be

Phone No.

5041-102

OPTIONAL FORM 41 (Rev. 7-76)
Prescribed by GSA

Central Intelligence Agency
Washington, D.C. 20505

15 JUNE 84

GA

Planning Staff

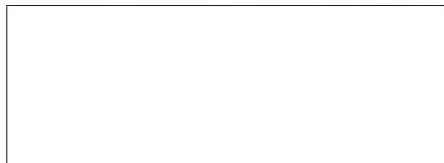
NOTE FOR: EXECUTIVE OFFICER / DDA

From: [redacted]

George

Please have the appropriate
Office respond to the
attached request from
FEMA. Also, please provide
me a copy of the response.

STAT



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Sanitized Copy Approved for Release 2010/06/07 : CIA-RDP87-00031R000100030001-0

TRANSMITTAL SLIP		DATE
TO:		
ROOM NO.	BUILDING	
REMARKS:		
<i>Pls. Return this portion to IMSS</i>		
FROM:		
ROOM NO.	BUILDING	EXTENSION

Sanitized Copy Approved for Release 2010/06/07 : CIA-RDP87-00031R000100030001-0

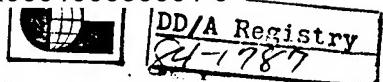
ROUTING AND RECORD SHEET**SUBJECT:** (Optional)

Impact of a Disruption in Oil Supplies on Agency Programs and Objectives

FROM:	Chief Information and Management Support Staff/OL		EXTENSION	NO.	STAT
				DATE	
TO: (Officer designation, room number, and building)	DATE		OFFICER'S INITIALS	COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)	
	RECEIVED	FORWARDED			
1. D/L				<p>Please review the attached draft of a response to FEMA relative to the impact of a disruption in oil supplies on Agency programs and objectives. The EO/DDA has requested that we respond directly to FEMA. A copy of the original tasking and the Guidelines for Impact Assessment, furnished by FEMA, are also attached. This requirement has a 15 July suspense.</p> <p><i>Some prep in fuel plan on what's Daye</i></p>	
2. EO		1/7	JW		
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Federal Emergency Management Agency
Washington, D.C. 20472

JUN 14 1984

[Redacted] STAT

Office of Executive Director
Central Intelligence Agency
Room 7E19
Washington, DC 20505

Dear Emergency Coordinator:

The Domestic and International Energy Policy Group has requested that this agency query the Federal establishment for potential impacts of an oil supply disruption on agency programs and operations. To most Federal civil agencies, fuel price and availability is only a very minor direct consideration. To others, such as the Postal Service, it may be significant. For some, the major impact may be in program areas such as a need for increased financial assistance to the aged, the handicapped and the poor in meeting increased heating bills.

In determining the impact an oil supply disruption would have upon your agency, please use the enclosed guidelines. Please respond in writing by July 15, 1984.

Your cooperation in this effort will be appreciated. Mr. Robert Frandsen, (202) 287-3952, will provide staff support for this agency on this project.

Sincerely,

Paul K. Krueger
Assistant Associate Director
for Resources Preparedness

Enclosures

GUIDELINES FOR IMPACT ASSESSMENTPolicy

- A free market policy will apply.
- Prices will be allowed to rise so that supply will balance demand.
- Although supply will be reduced, there will be virtually no gasoline lines such as occurred during the seventies, this is due to higher prices causing users to curtail demand.
- There will be no fuel rationing.
- There may be some use of priorities and allocations of fuel, but this will be restricted to National defense purposes as authorized under the Defense Production Act.

Price and Economic Impacts

	<u>Current</u>	<u>12-Month Average</u>	
		<u>Moderate*</u>	<u>Severe**</u>
World Oil Price, \$bbl	\$29.00	\$40.00	\$63.00
Gasoline Prices, \$gal	1.20	1.49	2.02
Heating Oil Prices, \$gal	1.10	1.35	4.59
U.S. GNP Loss (% points)			
Inflation Rate (CPI) Increase (% points)		1.5	2.9
Unemployment Rate Increase (% points)		2.3	4.3
Industrial Production Decrease (% points)		0.6	1.2
		3.3	6.2

*90% of high end of range for Case 2 with no SPR drawdown.

**90% of high end of range for Case 4 with U.S. SPR drawdown only.